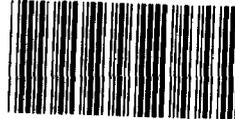


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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON D.C. 20548

B-206277



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JUNE 24, 1983

To the President of the Senate and the
Speaker of the House of Representatives

Subject: Examination of the Office of the Attending Physician Revolving Fund's Financial Statements for the Fiscal Years Ended September 30, 1982 and 1981 (GAO/AFMD-83-62)

Pursuant to the Legislative Branch Appropriation Act of 1976, we have examined the balance sheets of the Office of the Attending Physician Revolving Fund as of September 30, 1982 and 1981, and the related statements of operations and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of the Office of the Attending Physician Revolving Fund as of September 30, 1982 and 1981, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

Enclosures I and II contain our report on internal accounting controls and compliance with laws and regulations, and our comments on the Office of the Attending Physician Revolving Fund's operations. Enclosures III through VI present the Fund's financial statements and accompanying notes for fiscal years 1982 and 1981.

As required by the Legislative Branch Appropriation Act of 1976, we are sending copies of this report to the Subcommittee on Legislative Branch, Senate Committee on Appropriations; the Subcommittee on Legislative, House Committee on Appropriations; the House Committee on Government Operations; the Senate Committee on Governmental Affairs; and the Clerk of the House of Representatives.

Charles A. Bowsher
Comptroller General
of the United States

Enclosures

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CONGRESS OF THE UNITED STATES
OFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND
REPORT ON INTERNAL ACCOUNTING CONTROLS
AND COMPLIANCE WITH LAWS AND REGULATIONS

We have examined the financial statements of the Office of the Attending Physician Revolving Fund for the years ended September 30, 1982 and 1981. Our examinations were made in accordance with generally accepted government auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures, including tests of compliance with laws and regulations, as we considered necessary in the circumstances. This report pertains only to our study and evaluation of the system of internal accounting controls, and our review of compliance with laws and regulations for the year ended September 30, 1982.

As part of our examination, we made a study and evaluation of the Office of the Attending Physician Revolving Fund's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted government auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the Revolving Fund's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified below.

For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

- Receipts.
- Disbursements.
- Receivables.
- Drug and vaccine inventories.

Our study included all of the control categories listed above.

The management of the Office of the Attending Physician Revolving Fund is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the second paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Office of the Attending Physician Revolving Fund taken as a whole or on any of the categories of controls identified in the third paragraph. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

We reviewed the provisions of applicable laws and regulations to determine the material compliance requirements that may have a financial impact on the Office of the Attending Physician Revolving Fund's financial statements. In our opinion, the Office of the Attending Physician Revolving Fund complied with the provisions of applicable laws and regulations that could have materially affected the financial statements.

CONGRESS OF THE UNITED STATESCOMMENTS ON OPERATIONS OF THEOFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND

The Office of the Attending Physician was established in 1928 to serve the medical needs of the Members of Congress. The 1976 Legislative Branch Appropriation Act established the Office of the Attending Physician Revolving Fund--effective August 1, 1975. In accordance with the act's provisions, the balance in the Office of the Attending Physician suspense account capitalized the fund.

The act requires that the Office deposit in the revolving fund all moneys received from the sale of drugs or any other sources. Further, the act permits disbursements from the fund for purchasing drugs for resale.

After restoring any impairment of capital, the fund's net income, as established by our annual audit, is required to be transferred to the U.S. Treasury's general fund. The net income for fiscal 1982 was \$943.47. (See encl. IV.)

REVOLVING FUND ACTIVITIESReceiptsPrescription drug sales

The purchase and resale of prescription drugs make up the majority of the fund's receipts and disbursements. The Office purchases wholesale drugs and resells them to Members' families and to congressional employees. The price charged is based upon the unit cost of the drug rounded upward to the nearest nickel. The Office receives a 2-percent cash discount from its wholesaler for prompt payment. During the fiscal year, prescription drug sales and net income were \$21,571.35 and \$340.72, respectively.

Immunization receipts

At the direction of the Attending Physician, free gamma globulin, polio, and influenza immunizations are provided to Members and officials of the Congress. During fiscal 1982 the Office charged a \$1 fee for gamma globulin and polio immunizations, and \$2.50 for influenza immunizations given to congressional employees. The immunization receipts for fiscal 1982 were \$1,318.50 and net income was \$177.60.

Our review of the costs and revenues for the revolving fund activities resulted in a net adjustment of \$187.49 due to the revolving fund from appropriated funds at September 30, 1982, as reimbursement for vaccines used for free immunizations.

Insurance receipts

The Office furnishes medical transcripts and performs physical examinations for life insurance applicants. Payments of \$455.00 were received from life insurance companies for these services and deposited in the revolving fund during the fiscal year.

CONGRESS OF THE UNITED STATES
OFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND
COMPARATIVE BALANCE SHEET
AS OF SEPTEMBER 30, 1982 AND 1981 (note 1)

A S S E T S

	<u>1982</u>	<u>1981</u>
CURRENT ASSETS:		
Cash in U.S. Treasury	\$1,182.67	\$1,396.98
Change fund	25.00	25.00
Undeposited receipts	998.60	1,104.46
Inventory--Drugs (note 2)	33.55	171.75
Inventory--Vaccines (note 3)	1,249.72	1,611.86
Amount due from Office of Attending Physician appropriated funds	<u>187.49</u>	<u>203.28</u>
Total current assets	<u>\$3,677.03</u>	<u>\$4,513.33</u>

L I A B I L I T I E S

A N D G O V E R N M E N T E Q U I T Y

CURRENT LIABILITIES:		
Accounts payable	<u>\$2,267.14</u>	<u>\$2,755.72</u>
GOVERNMENT EQUITY:		
Balance at beginning of period	1,757.61	1,452.22
Less: Amount transferred to U.S. Treasury	<u>1,291.19</u>	<u>985.80</u>
	466.42	466.42
Plus: Net income for year	<u>943.47</u>	<u>1,291.19</u>
Balance at end of period (note 4)	<u>1,409.89</u>	<u>1,757.61</u>
Total liabilities and Government equity	<u>\$3,677.03</u>	<u>\$4,513.33</u>

The accompanying notes are an integral part of this statement.

CONGRESS OF THE UNITED STATES
OFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND
COMPARATIVE STATEMENT OF OPERATIONS
FISCAL YEARS ENDED SEPTEMBER 30, 1982 AND 1981 (note 1)

	<u>1982</u>	<u>1981</u>
REVENUE:		
Prescription drug sales	\$21,571.35	\$23,100.81
Immunization receipts	1,318.50	776.00
Insurance receipts	<u>455.00</u>	<u>335.00</u>
Total revenue	<u>23,344.85</u>	<u>24,211.81</u>
COSTS:		
Prescription drugs	21,230.63	22,345.88
Immunization vaccines	1,140.90	500.64
Loss on disposal of vaccines	<u>29.85</u>	<u>74.10</u>
Total costs	<u>22,401.38</u>	<u>22,920.62</u>
NET INCOME	<u>\$ 943.47</u>	<u>\$ 1,291.19</u>

The accompanying notes are an integral part of this statement.

CONGRESS OF THE UNITED STATES
OFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUND
COMPARATIVE STATEMENT OF CHANGES IN FINANCIAL POSITION
FISCAL YEARS ENDED SEPTEMBER 30, 1982 AND 1981 (note 1)

	<u>1982</u>	<u>1981</u>
FUNDS PROVIDED:		
Prescription drug sales	\$21,571.35	\$23,100.81
Immunization receipts	1,318.50	776.00
Insurance receipts	455.00	335.00
Decrease in working capital	<u>347.72</u>	<u>-</u>
Total funds provided	<u>\$23,692.57</u>	<u>\$24,211.81</u>
FUNDS APPLIED:		
Cost of prescription drugs	\$21,230.63	\$22,345.88
Cost of immunization vaccines	1,140.90	500.64
Loss on disposal of vaccines	29.85	74.10
Increase in working capital	-	305.39
Amount transferred to U.S. Treasury	<u>1,291.19</u>	<u>985.80</u>
Total funds applied	<u>\$23,692.57</u>	<u>\$24,211.81</u>

ANALYSIS OF CHANGES IN WORKING CAPITAL

	Increase or (decrease)	
WORKING CAPITAL CHANGES:		
Cash	\$ (320.17)	\$ 3.30
Inventories	(500.34)	674.63
Amount due from Office of Attending Physician appropriated funds	(15.79)	70.21
Accounts payable	<u>488.58</u>	<u>(442.75)</u>
NET INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$ (347.72)</u>	<u>\$ 305.39</u>

The accompanying notes are an integral part of this statement.

CONGRESS OF THE UNITED STATESOFFICE OF THE ATTENDING PHYSICIAN REVOLVING FUNDNOTES TO FINANCIAL STATEMENTSFISCAL YEARS ENDED SEPTEMBER 30, 1982 AND 1981

1. The books are maintained on a cash basis and converted to an accrual basis at the end of the fiscal year.
2. Drug inventory consists of filled prescriptions not picked up by customers.
3. Vaccines are valued at cost, using the first-in, first-out method of valuation.
4. After restoring any impairment of capital, the fund's net income is to be transferred to the U.S. Treasury's general fund. For 1982, the fund's net income of \$943.47 is reserved for transfer to the U.S. Treasury. The amount transferred in 1982 for 1981's net income was \$1,291.19.